



# STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES  
P.O. Box 45010, Olympia, Washington 98504-5010

April 30, 2007

**TO:** Fellow Employees

**FROM:** Robin Arnold-Williams  
Secretary

**SUBJECT:** 2007-09 Biennial Operating Budget

On April 22<sup>nd</sup> the 2007 Legislative Session ended. One of the final actions was the adoption of the 2007-09 Biennial Budget. This establishes our spending for the two year period beginning July 1, 2007. This budget does a number of important things for the state and for the Department of Social and Health Services (DSHS). This memorandum is intended to give you a high level understanding of what is in the budget for our programs, our staff, and our providers. For those of you interested in more detailed information, currently the best source is <http://leap.leg.wa.gov/leap/budget/detail/2007/co0709p.asp>.

## OVERVIEW

As passed the 2007-09 Biennial Budget spends 6.7 percent more than the 2005-07 Budget. Some highlights from other sectors of state government, in state funds, are:

- Public Schools - \$521.2 million in Educator Compensation, \$295.6 million to address funding short falls, \$93.6 million for added student supports and \$93.5 million for targeted investments in Math and Science.
- Universities and Colleges - \$107 million in enrollment growth: \$58.2 million for general enrollment growth, \$17.5 million in math and science enrollment growth, and \$31.2 million in other high-demand enrollment increases.
- Puget Sound and Salmon Recovery - \$226 million in total funds in the Capital Budget to clean up Puget Sound and assist in salmon recovery.

For the department, the following table summarizes the outcome of this session.

### 2007-09 Operating Budget Summary

<i>Dollars in Millions</i>	FTE	NGFS	TOTAL
<b>2005-07 Funding</b>	<b>18,243.0</b>	<b>8,804.7</b>	<b>17,456.4</b>
• Caseload Utilization		238.8	490.1
• Maintain Services and Other Adjustments	188.7	182.5	410.1
• Vendor Collective Bargaining		171.4	257.1
• New or Expanded Programs	428.4	240.9	230.6
• Employee Compensation		131.4	202.2
• Vendor Rate Increases		77.3	149.8
• Caseload and Workload	85.2	(.5)	(53.7)
Total Increase over Current Biennium	702.3	1,041.8	1,686.2
As a percent	3.8%	11.8%	9.7%
<b>2007-09 Funding</b>	<b>18,945.3</b>	<b>9,846.5</b>	<b>19,142.6</b>

## MAJOR DSHS POLICY INITIATIVES

**Increasing the number of children with health care coverage:** A center piece of the Governor's policy agenda is to make sure that all poor children in our state get health care. This budget funds coverage for an additional 39,000 children. This addition will reach all children from families at or below 250 percent of the federal policy level (FPL). Depending on the availability of funds, the department is authorized to further expand this program to include children up to 300 percent FPL. This will cost \$36.5 million near general fund state (NGFS) and \$66.2 million total.

**Strengthen protections for vulnerable children:** Another key item of the Governor's agenda will be advanced with funding to hire additional case carrying staff to fully achieve the target of in-person visits to children in state care every 30 days. Additional funds are provided to increase an emphasis on kinship placements, developing a practice model, increase funding for Indian Child Welfare services, more support services for foster parents, and continued development and implementation of a new computer system to support child welfare programs.

**Increasing services to the developmentally disabled:** Additional funds have been provided to increase the number of developmentally disabled individuals who will receive subsidized community placements in the coming biennium. Employment and day programs will also be increased with funding provided in this budget. Additional case managers will be added to handle the increase in clients added to the caseload. And additional funding is provided to increase financial support for families caring for their disabled children in their own homes.

**Improving safety for mental health workers:** The budget includes several items that provide funds to assist the safety efforts underway at the state hospitals. Western State Hospital will receive added food service staff increasing the time mental health technicians are supervising clients on the wards. Funding is including for a program returning injured employees in the state psychiatric hospitals to light-duty work and back to their regular job. Finally, state psychiatric hospitals will receive added security equipment and training. The budget provides funding to Regional Support Networks to cover the cost of Substitute House Bill 1456. This bill gives community mental health professionals the option of being accompanied by a second professional when conducting crisis intervention and outreach visits in a private setting. They will be equipped with emergency communication devices for access to police and information concerning potential dangers posed by the client.

## MAINTAINING QUALITY CLIENT SERVICES

**Provider rate increases:** A major cost component of DSHS's delivery system is through third party providers. Over \$400 million in additional funding is included in this budget for increases in funding to our providers.

Child care workers, Individual Providers and agency providers (of home care service to elder and disabled clients), community mental health care providers, foster care providers, out-patient treatment providers, pediatricians, dentists and residential care providers (nursing homes, adult family homes, boarding homes, supported living providers) received rate or wage increases.

**Service Utilization Costs** reflect the continued increasing costs of medical care. This is projected to increase across the department by \$238.8 million NGFS and \$490.1 million total.

**Caseload:** Generally, one of the prime drivers of the DSHS budget is expected to remain flat or decline over the biennium. While the budget provides for a minimal net decrease to reflect forecasted caseload declines, the cost of providing client services continues to increase.

Funding was provided to cover some of the increases in cost for support functions like equipment replacement, utilities, travel, fuel, and postage. While these items are not large funding the increase costs means we don't have to take resources from client service dollars.

### **EMPLOYEE COMPENSATION**

The following is a summary that covers the changes that cross all bargaining groups. Of course, there are unique compensation adjustments for staff meeting specific criteria for each bargaining group and each collective bargaining agreement. The department has received \$131.4 million in NGFS and \$202.2 million total.

- The July 2007 1.6 percent salary increase is continued in the coming biennium.
- Across the board salary adjustments are 3.2 percent beginning July 1, 2007 and 2.0 percent July 1, 2008 for represented staff. Non-represented staff will receive a 3.2 percent adjustment beginning September 1, 2007 and 2.0 percent September 1, 2008.
- An additional step L has been added for classified staff that have been at the top of their existing range for one year or more.
- Funding for the employer contribution to employee health benefits is an average of \$707 per month in fiscal year 2008 and \$732 per month in fiscal year 2009. The subsidy for eligible retirees or disabled state employees increases to an average of \$165 per month and \$183 per month respectively.
- The department received funding to implement the Department of Personnel's salary survey for job classifications that are more than 25 percent below market rates.

There is a lot to be thankful for in the budget we have received for the coming biennium. There is also a lot to do as a result. I look forward to working with you as we continue our efforts to strengthen our programs and meet the needs of the citizens of the state.